

*Date:* March 27, 2013

*To:* Authorized Representatives of School Food Authorities Participating in Child Nutrition Programs

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Director, School Nutrition Team

*Subject:* Paid Lunch Equity: School Year 2013-14 Calculations and Tool

School Food Authorities (SFAs) participating in the National School Lunch Program are required to ensure that sufficient funds are provided to the nonprofit school food service account for lunches served to students not eligible for free or reduced price meals. There are two ways to meet this requirement:

1. Prices charged for “paid” lunches
2. Other non-federal sources provided to the nonprofit school food service account

#### **SY 2013-14 Paid Lunch Equity Calculations**

SFAs which, on average, charged less than \$2.59 for paid lunches in SY 2012-13 are required to adjust their average paid lunch price or provide additional non-federal funds to the nonprofit school food service account. This amount is calculated by taking the SY 2012-13 reimbursement rate for free meals and subtracting the reimbursement rate for paid meals:  $\$2.86 - \$0.27 = \$2.59$ .

Reminder: SFAs must use the unrounded adjusted average paid lunch price requirement from SY 2012-13 when calculating the weighted average paid lunch price increase for SY 2013-14. For example, if the unrounded SY 2012-13 requirement was \$2.13 but the SFA opted to round down to \$2.10, the calculation for the SY 2013-14 is based on the \$2.13 unrounded requirement.

If an SFA raised its weighted average paid lunch price above the required amount in SY 2012-13, the excess paid lunch price increase may be subtracted from the total SY 2013-14 paid lunch price increase requirement. Additionally, if the SFA did not raise its weighted average adjusted paid lunch price sufficiently to meet the required amount in SY 2012-13, the shortfall must be added to the total SY 2013-14 requirement. The Paid Lunch Equity Tool will assist you in determining what your price requirement will be in these situations.

#### **Use of Non-Federal Sources Calculation**

SFAs may choose to contribute non-federal sources to the nonprofit school food service account in lieu of raising paid lunch prices. To calculate the appropriate amount to contribute, the SFA needs to determine the total number of paid reimbursable lunches claimed for reimbursement from the previous school year and multiply the difference between the SY 2013-14 weighted average paid lunch price and the SY 2012-13 weighted average paid lunch price.

As noted above, you may use any credit of excess non-federal funds as a way to decrease the amount the paid lunch price needs to be increased.

### **Allowable Sources of Non-Federal Funds**

For the SY 2013-14, in Wisconsin, there are only two allowable sources of non-federal funds that can be used to subsidize the paid lunch prices.

- Funds provided by organizations (SY 2013-14 and forward): The use of school-related or other community group funds to support paid lunches.
- Fund transfers from Fund 21 (SY 2013-14 and forward): Transferring money from Fund 21 (Special Revenue Trust Fund) to Fund 50 (Food Service Fund). The Wisconsin Uniform Financial Accounting Requirements (WUFAR) allows for this type of transfer. This includes the use of “Angel Funds” (refer to the Public Schools-Angel Funds section below for more information).

### **Further Guidance**

We have received many questions about whether positive fund balances, “Angel Funds”, and the General Fund in private schools may be used as non-federal funds to cover the price increase. Information specific to each of these topics is outlined below.

#### **Positive Fund Balance**

All schools must use the PLE Tool to determine if prices need to be increased for the next school year and raise prices (or contribute non-federal funds) accordingly—regardless of whether there is a positive balance in Fund 50. There are no exceptions to this requirement.

#### **Public Schools – “Angel Funds”**

“Angel Funds” (i.e. donations received from outside sources that are specifically designated by the donor for food service purposes) may be used as a source of non-federal funds. Funds gifted, without a specific purpose by the donor, may be transferred from Fund 21 (Special Revenue Trust Fund) to Fund 50 and used as a non-federal fund source. If money from the “Angel Fund” has already been deposited into Fund 50, SFAs will need to determine how much of the money in Fund 50 was contributed from the “Angel Funds”. Adequate documentation and records must be maintained in order to track gifts in Fund 50 and ensure they are still part of the accumulated fund balance.

#### **Private Schools – General Fund**

Private schools do not use the WUFAR system; therefore they may transfer money from the school’s General Fund to the Food Service Account as a source of non-federal funds.

To assist SFAs with the Paid Lunch Equity calculations, the following resources are available on the Department of Public Instruction (DPI) website ([http://fns.dpi.wi.gov/fns\\_cnrsnp#cnrsnplp](http://fns.dpi.wi.gov/fns_cnrsnp#cnrsnplp)):

- PLE Tool for SY 2013-14.
- DPI PLE tool to document use of non-federal funds.
- Step-by-step instructions to meet the PLE requirement by:
  - Increasing the weighted average paid lunch price only.
  - Increasing the weighted average paid lunch price and contributing non-federal sources.
  - Contributing non-federal sources only.

Please be sure to print out the completed PLE tools, in order to provide documentation that supports your paid lunch prices. This documentation is considered a part of required record retention (three years plus the current year) and should be made available during DPI’s administrative review of your SFA’s school meal program.

For concerns or questions regarding any of the information within this memorandum, please contact the School Nutrition Team at (608) 267-9228.